

Message Text

LIMITED OFFICIAL USE

PAGE 01 DACCA 04054 100337Z

13

ACTION OPIC-12

INFO OCT-01 NEA-10 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 TRSE-00 XMB-07 CIEP-02 LAB-06

SIL-01 OMB-01 EA-11 EUR-25 L-03 /122 W

----- 047779

R 100209Z SEP 73

FM AMEMBASSY DACCA

TO SECSTATE WASHDC 0903

LIMITED OFFICIAL USE DACCA 4054

PASS OPIC

E.O. 11652: N/A

TAGS: EIND, BG

SUBJECT: NATIONALIZATION AND COMPENSATION: STATUS REPORT

REF: A DACCA 2143; B DACCA 2631; C DACCA 394

SUMMARY - SOME FORWARD PROGRESS ACHIEVED IN FORMULATING POLICY ON COMPENSATION FOR NATIONALIZED FOREIGN ASSETS HERE. CABINET DECISION MIGHT BE MADE BY YEAR END. SOME BRITISH COMPANIES PRESSING CLAIMS BUT SO SPECIFIC APPLICATION HAS YET BEEN FILED. EMBASSY AND UK HICOM ARE CONTINUING URGE EARLY RESOLUTION THIS ISSUE. ACTION REQUESTED: PLEASE SEND MATERIAL ON ADEQUATE MEASURES OF COMPENSATION.

1. EMBASSY HAS RECENTLY CONFERRED ABOUT STATUS COMPENSATION POLICY ON NATIONALIZED FOREIGN ASSETS WITH MATIUL ISLAM, SECRETARY FINANCE; A.S.H.K. SADIQUES, SECRETARY, NATIONALIZED INDUSTRIES DIVISION; AND SYEDUZZAMAN, SECRETARY, PLANNING COMMISSION (IN ABSENCE DR. RAHMAN SOBHAN, MEMBER/INDUSTRIES, ETC., PC). FOLLOWING PICTURE EMERGES:

2. RASHID COMMITTEE REPORT (REFS A & B) HAS BEEN COMPLETED AND PUBLISHED. (UNFORTUNATELY, IT IS NOT TO BE RELEASED OUTSIDE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 DACCA 04054 100337Z

GOVERNMENT.) ACCORDING ISLAM AND SADIQUE, REPORT REVIEWS BOOKS

ON SOME 10 DIFFERENT NATIONALIZED FOREIGN FIRMS, INCLUDING 100 PC US-OWNED BANGLADESH FABRICS AND WE PRESUME 50 PC US-OWNED ASSOCIATED BAGGING CORP. AS WELL. DETAILED ANALYSIS PROVIDED OF ASSETS AND LIABILITIES AS RECORDED IN COMPANY BOOKS AS OF 12/31/71. ALTERNATIVE PRINCIPLES PRESCRIBED FOR BDG PAYOUT OF COMPENSATION AND ALTERNATIVE SPECIFIC PAYMENTS INDICATED ON VARIOUS COMPANIES. PRECISE FIGURES NOT DISCLOSED, BUT ISLAM DID SAY THAT BDF WAS ONE OF THE FEW, IF NOT THE ONLY FIRM AMONG THE TEN, WHERE THE PAID-UP VALUE OF STOCK WAS GREATER THAN THE BREAK-UP VALUE (ASSETS MINUS LIABILITIES). IN OTHER CASES, BREAK-UP VALUE WAS GREATER, WHICH MADE FOR POSSIBLE PROBLEMS IN ACTUAL COMPENSATION, GIVEN THE CEILING FOR SUCH OF PAID-UP VALUE, ESTABLISHED IN NATIONALIZATION ORDER MARCH 1972.

3. RASHID COMMITTEE REPORT HAS NOW GONE TO NATIONALIZED INDUSTRIES DIVISION, MINISTRY OF INDUSTRIES, WHICH WILL BE TAKING UP VERIFICATION OF PHYSICAL ASSETS, A PROCESS WHICH SADIQUE EXPECTS TO BE COMPLETED ON FOREIGN NATIONALIZED FIRMS SOON, SINCE IT WAS INITIATED ON ALL NATIONALIZED FIRMS SHORTLY AFTER HE TOOK OVER AS SECRETARY IN JUNE 1972. COMPENSATION POLICY PROPOSAL WILL THEN GO TO SPECIAL COMMITTEE IN PLANNING COMMISSION HEADED BY SOBHAN AND THEREAFTER, WITH COMMITTEE RECOMMENDATIONS, TO CABINET. SYEDUZZAMAN INDICATED THAT BESIDES COMPENSATION FORMULA TO BE EMPLOYED, DECISIONS IN PRINCIPLE MUST BE MADE ON FORM AND TERM OF PAYMENT OF COMPENSATION FINALLY DECIDED ON. NOT SURPRISINGLY, HE SPOKE OF NEED FOR SPECIAL CONSIDERATION FOR BANGLADESH AND PAY-OUT POSSIBLY IN GOODS (AS INDEED ABC ONCE SUGGESTED) AND OVER LONG PERIOD OF TIME.

4. WITH PRIME MINISTER OFF TO JAPAN AFTER RETURN FROM NONALIGNED CONFERENCE AND OTHER KEY MINISTERS PLUS DEPUTY CHAIRMAN OF PLANNING COMMISSION ABROAD, EMBASSY INFORMANTS DID NOT THINK FINAL POLICY WOULD BE DEFINED UNTIL LATE THIS CALENDAR YEAR. THEREAFTER, HOWEVER, ALL THREE SECRETARIES EXPRESSED CONFIDENCE THAT WITH EXHAUSTIVE RESEARCH ALREADY DONE BY BDG, ACTUAL NEGOTIATION OF COMPENSATION WITH AFFECTED COMPANIES PRESSING CLAIMS WOULD NOT TAKE TOO LONG. (EMBASSY TENDS TO DOUBT THIS.)

5. SADIQUE STATES NO FORMAL APPLICATION FOR COMPENSATION HAS YET BEEN LAID BEFORE NID BY ANY FOREIGN COMPANY. INCHCAPE GROUP OF LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 DACCA 04054 100337Z

UK HAS BEEN PERHAPS MOST ACTIVE, REPRESENTED BY PROMINENT LOCAL LAW FIRM OF ORR DIGNAM. RALLIS AND JAMES MACKIE HAVE ALSO ENGAGED LAWYER, IN FIRM LAW CONSULTANTS. UK HICOM REPORTS THAT ON BEHALF AFFECTED COMPANIES, SOME BRITISH MP'S WRITING UK GOVT. AS TO WHY UK CONTINUES TO EXTEND AID TO BD WHEN NO COMPENSATION YET FORTHCOMING FOR NATIONALIZED US ASSETS. IN CONTRAST, GENERAL INSURANCE COMPANIES HAVE NOT BEEN ACTIVE AND, TO EMBASSY KNOWLEDGE, NO AMERICAN FIRM HAS PUSHED MATTER. A

NUMBER OF FOREIGN COMPANIES WHOSE PROPERTIES EXPROPRIATED UNDER ABANDONED PROPERTY ORDER ARE TYING WORK OUT NE PARTNERSHIP ARRANGEMENTS WITH THE ADMINISTERING AUTHORITY OF BDG AND ARE NOT REPEAT NOT AT PRESENT DEMANDING COMPENSATION. THIS WOULD INCLUDE HASHMI CAN OF UK AND GALFRA HABIB OF SCOTLAND/US, BOTH FROM PAKISTAN-PERIOD GHANDHARE INSUSTRIES, WHOSE PROPERTIES HERE NOW COME UNDER BANGLADESH ENGINEERING AND SHIPBUILDING CORP. SIMILARLY, JAPANESE CO-OWNER NATIONALIZED UNBRELLE-CLOTH FACTORY REPORTEDLY HAS AGREED TO JOINT VENTURE WITH BDG (& IS EXPANDING CAPACITY).

6. BDG CONTINUES COMMITTED TO PRINCIPLE THAT COMPENSATION SHOULD BE PROVIDED FOR FOREIGN NATIONALIZED ASSETS IF SOUGHT. EVOLUTION OF FORMULA HAS TAKEN TIME, BUT GIVEN POLITICAL IMPLICATIONS, LACK OF COCENTRATED DEMAND FROM AFFECTED FOREIGN COMPANIES, AND TREMENDOUS WEIGHT AND RANGE OF OTHER PROBLEMS RELATING INDUSTRY MANAGEMENT AND POLICY IN BD, EMBASSY FINDS DELAY COMPREHENSIBLE. WE AND BRITISH HAVE REPEATEDLY EXPRESSED OUR INTEREST IN EARLIEST POSSIBLE DETERMINATION AND PAYMENT OF PROMPT, ADEQUATE, EFFECTIVE COMPENSATION. BDG AWARE OF OUR CONCERNS AND APPEARS TO BE DOING WHAT IT CAN TO MOVE TOWARDS RESOLUTION OF MATTER.

7. SYEDUZZAMAN EXPRESSED INTEREST IN CASE HISTORIES OF COMPENSATION CLAIMS ADJUDICATED IN OTHER COUNTIRE. AS SUGGESTED IN REF C, PARA. 1C.II., WOULD BE USEFUL TO BE PROVIDED WITH MATERIAL ON MEASURES OF ADEQUATE COMPENSATION FOR TRAMSMITTLA TO PLANNING COMMISSION. PLEASE ADVISE WHAT MIGHT BE MADE AVAILABLE AND AIR-POUCH HERE.
NEWBERRY

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATIONALIZATION, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973DACCA04054
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: DACCA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730946/aaaabhsf.tel
Line Count: 144
Locator: TEXT ON-LINE
Office: ACTION OPIC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A DACCA 2143; B DACCA 2631; C DACCA, 394
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 17 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17-Dec-2001 by kelleyw0>; APPROVED <08-Jan-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NATIONALIZATION AND COMPENSATION: STATUS REPORT
TAGS: EIND, BG, UK, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005